

SCOPE OF WORK

A. Description of Services

The Contractor shall provide the State Controller's Office (SCO), Division of Audits, with Staff Augmentation Model and Independent Audit Model Auditing services. By combining staff augmentation and independent audit execution models, SCO shall be able to effectively address high-risk areas, enhance oversight of public funds, and deliver high-quality audits that drive accountability and improve government performance. Supporting audits may include high-profile program audits/reviews and expedited, sensitive, high-impact audits/reviews.

Audit services will include analyzing documentary evidence and records, interviewing people, obtaining and securing physical evidence, preparing analysis of evidence in a standard working paper format, summarizing results of the audit, and preparing summaries, draft, and final reports in a standardized format. The audit services will also include conducting reviews of applicable laws, regulations and the contract requirements; tests of accounting and other records; and other audit and review procedures considered necessary to meet audit or review objectives.

Examples of audits and reviews that SCO may request, but are not limited to are:

1. Audits/reviews of state agencies for critical payments
2. Local government and local education agency audits
3. Financial and compliance audits of cities, counties, and special districts
4. Audits of local education agencies that include topics such as attendance reporting, funding allocations, internal controls, potential fraud, waste, abuse, etc.
5. Reviews/audits of local funds
6. State and local government financial and performance audits
7. Operational audits assessing efficiency, effectiveness, and economy of programs
8. Evaluations of internal controls, fraud risk, and program outcomes
9. Identification of systemic vulnerabilities and recommendations for improvement

Agreement Term

The term of this agreement will be for three years with the option to execute one two-year extension. The rates on Exhibit B, Attachment 1, Cost Worksheet will not change as a result of any amendment to this agreement. This agreement may be terminated by SCO with 30 days' written notice to the Contractor.

The Contractor is cautioned that no work shall begin until the Agreement has been fully executed. If work is performed prior to agreement approval, and the Contractor for any reason is not approved, all previous work performed by the Contractor is considered donated to SCO and no payment shall be made for that work.

Agreement Amount

The Contractor and SCO Contract Manager (CM) are responsible for monitoring the agreement cost to ensure it does not exceed the maximum amount of the Agreement without an executed amendment.

The Agreement Amount for the initial three-year term and optional two-year extension is \$10,000,000.00.

Service Hours

Services shall be provided during SCO normal working hours of 8:00 a.m. to 5:00 p.m. Pacific Time (PT), Monday through Friday, except holidays. A list of holidays which are observed by SCO may be found at the following link: <http://www.calhr.ca.gov/employees/pages/state-holidays.aspx>.

B. Contractor's Roles and Responsibilities

1. The Contractor shall perform Staff Augmentation Model audits, which will be SCO directed audits in which the Contractor will function as an extension of SCO audit teams. The Contractor responsibilities for Staff Augmentation Model audits are as follows:
 - a. Perform audit fieldwork including planning, testing, and documentation in accordance with SCO methodologies.
 - b. Execute audit procedures designed by SCO audit leads.
 - c. Assist in data analysis, sampling, and transaction testing.
 - d. Provide monthly updates and attended standing meetings as needed.
 - e. Prepare working papers consistent with Generally Accepted Government Auditing Standards (GAGAS) commonly known as Yellow Book.
 - f. Participate in and/or audit findings and written reports.
 - g. Contractor staff report directly to SCO Designee.
2. The Contractor shall perform Independent Audit Model audits which will be executed with SCO's oversight. Under this model, the Contractor will conduct engagements of high-profile and sensitive audits. In addition, the Contractor may be required to conduct some expedited, sensitive, high-impact audits or reviews. The Contractor's responsibilities for Independent Audit Model audits are as follows:
 - a. Develop detailed audit plans based on SCO-approved objectives.
 - b. Obtain SCO written approval of detailed audit plan. Refer to Exhibit A, Attachment 1, Deliverable Expectations Document (DED) and Deliverable Acceptance Document (DAD).
 - c. Conduct fieldwork, testing, and analysis.
 - d. Provide monthly updates and attend standing meetings as needed.
 - e. Identify findings, risks, and control deficiencies.
 - f. Prepare draft and final audit reports, including recommendations.
 - g. Participate in entrance and exit conferences with audited entities.
3. If legal or other procedures arise as a result of this contract, the Contractor shall perform additional follow-up work at the stated hourly billing rate in the Cost Proposal as detailed in Exhibit B, Rates. Additional services after the issuance of the final audit/examination report, includes, but are not limited to:

- a. Conducting post audit work, if necessary, due to changed circumstances.
 - b. Participating in meetings with decision-makers and stakeholders.
 - c. Testifying as an expert witness in hearings.
 - d. Responding to questions and disputes from audited entities.
 - e. Meeting with audited entities and/or SCO legal staff.
 - f. Providing copies of records supporting audit findings.
4. The Contractor shall complete all deliverables as defined in Exhibit A, Scope of Work, Section D, Deliverables, Specifications, Requirements, Results and Duties of All Parties.
 5. Upon the SCO CM's request, the Contractor must submit its work plan(s), which includes, but not limited to, detailed tasks and procedures to accomplish the additional services, estimated time spent on each task and/or procedure, total estimated time to complete each additional service, and dates of milestones to the SCO CM for review and approval. Refer to Exhibit A, Attachment 1, Deliverable Expectations Document (DED) and Deliverable Acceptance Document (DAD).
 6. The Contractor shall sign and complete tasks as defined in the Deliverable Expectations Document (DED) and Deliverable Acceptance Document (DAD), Exhibit A, Attachment 1 for each audit engagement.
 7. The Contractor shall submit written Project Status Reports monthly or upon request to the SCO CM. These reports shall include time usage detail, identified risks, project status and interim results, and project timeline updates.
 8. The Contractor shall designate a Contract Manager (CM) to whom all project communications are addressed and who has the authority to act on all aspects of the services. This person will review the Agreement and associated agreement documents with SCO CM or their designee to ensure understanding of the responsibilities of the Contractor and SCO.
 9. The Contractor shall adhere to all SCO requirements related to the identified deliverables.
 10. The Contractor shall coordinate with the SCO CM or designee when preparing a work plan for each project and obtain the SCO CM's approval.
 11. The Contractor shall promote effective communication and performance with SCO Division of Audits.
 12. The Contractor shall communicate all issues and/or concerns through the process agreed upon by the Contractor and SCO.
 13. The Contractor shall immediately notify the SCO CM of events or proposed changes that could affect the scope, budget, or work schedule under this agreement.
 14. The Contractor shall attend in-person or virtual meetings as required.
 15. The Contractor shall present information to stakeholders and the SCO in the frequency and format (email, in-person, virtual, etc.) with materials as required by the SCO.

16. The Contractor shall retain independence and avoid undue influence by any internal or external entity while working with SCO staff and management consistent with GAGAS.
17. The Contractor shall use the State-owned data only for State purposes under this agreement.
18. The Contractor shall store all project documents on an SCO server. All project documents are confidential and are the property of SCO.
19. The Contractor shall utilize SCO supplied laptops, which include SCO Security Software Suite, and Rivest–Shamir–Adleman (RSA) hard tokens for all services in this agreement. Each SCO issued laptop will be mailed to the laptop recipient(s) physical address or as determined by the SCO.
20. The Contractor shall return all SCO property, including laptops, RSA tokens, and security badges prior to the termination or end of this agreement.
21. The Contractor shall guarantee that there is no remote access to the SCO network from any non-SCO device. The Contractor and their staff are prohibited from using their own personal devices to access SCO systems, networks, and servers.
22. The Contractor staff shall strictly only perform services while physically located within the contiguous United States unless prior written approval has been obtained from the SCO's CM, Chief Information Officer, and Chief Information Security Officer.
23. The Contractor shall follow the guidelines pertaining to SCO laptop and network usage/access listed below:
 - a. Remote access to the SCO network will be available only over Virtual Private Network (VPN) with supplied SCO credentials on SCO issued laptops
 - b. Obtain consent from the SCO Chief Information Security Officer (CISO) or designated representative prior to installing all software
 - c. Software installations that are to be completed by the Contractor must receive prior authorization from SCO.
 - d. Provide a physical address, if necessary, to which the laptop and RSA hard token issued by SCO will separately ship, as well as a phone number and an email address for the laptop recipient.
 - e. Upon receipt of the SCO laptop and RSA hard token, Contractor shall contact the SCO CM listed in Section F to confirm the Contractor's staff's credentials and receipt in order for SCO CM to verify Contractor's staff's credentials and then be able to enable the laptop.
 - f. Be responsible for the care of the laptop and use it only for SCO-related business.
 - g. Connect only a Bluetooth mouse, keyboard, and other SCO-approved peripherals to the SCO laptop.
 - h. Do not attach any non-SCO personal computers, phones, tablets, laptops, universal serial bus (USB), external hard drive, any storage devices, or any electronic device to an SCO server or workstation without prior SCO written approval from the SCO CISO or designated representative. As necessary, SCO reserves the right to inspect and scan all devices for any malware that could pose a threat to server devices or network.

- i. Ensure all staff performing services during the term of this agreement are subject to SCO security clearance requirements and complete and pass an SCO background check prior to performing any services.
 - j. Contact SCO CM at least 24 hours prior to returning laptops and equipment to SCO.
 - k. Ensure that each laptop has an internet connection that allows SCO to log in and remotely wipe the laptop memory prior to the Contractor packaging and shipping the laptop to SCO.
24. The Contractor shall comply with the following requirements to ensure the preservation, security, and integrity of state-owned data on portable computing devices and portable electronic storage media:
- a. Encrypt all State-owned data stored on portable computing devices and portable electronic storage media using government-certified Advanced Encryption Standard (AES) cipher algorithm with a 256-bit or 128-bit encryption key to SCO data stored on every sector of a hard drive, including temp files, cached data, hibernation files, and ever unused disk space.
 - b. Data encryption shall use cryptographic technology that has been tested and approved against exacting standards, such as Federal Information and Information Systems (FIPS) 140-2 Security Requirements for Cryptographic Modules.
 - c. Encrypt, as described above, all State-owned data transmitted from one computing device or storage medium to another.
 - d. Maintain confidentiality of all State-owned data by limiting data sharing to those individuals contracted to provide services on behalf of the State, and limit use of State information assets for State purposes only.
 - e. Install and maintain current anti-virus software, security patches, and upgrades on all computing devices used during the course of the Agreement.
 - f. Notify the SCO CM immediately of any actual or attempted violations of security of State-owned data, including lost or stolen computing devices, files, or portable electronic storage media containing State-owned data.
 - g. Advise the owner of the State-owned data, the agency Information Security Officer, and the agency Chief Information Officer of vulnerabilities that may present a threat to the security of State-owned data and of specific means of protecting that State-owned data.
25. The Contractor shall ensure that any agreement between the Contractor and its subcontractors shall require the Subcontractors to adhere to the same performance standards and other standards required of the Contractor including but not limited to clearing a Live Scan background check, as applicable to the Subcontractor's service.
26. The Contractor shall ensure that all key staff read and/or complete standard SCO documents (i.e., Live Scan, Policy Acknowledgement, Technology Resources, Zero Tolerance for Discrimination, etc.), as required during the term of the Agreement. These additional documents will be presented to the Contractor's staff by SCO.
27. The Contractor must have all staff that are accessing SCO Network and data sign the SCO Contractor/Contractor Confidentiality Statement and Non-Disclosure Acknowledgement form (ISO-004b).

28. The Contractor shall Complete and submit a [Prime Contractor's Certification - DVBE Subcontractor Report](#) (STD 817) to SCO within 60 days of expiration of the Agreement if the Contractor has a certified Disabled Veteran Business Enterprise (DVBE) perform an element of work for the Agreement.
29. The Contractor shall satisfy their Small Business (SB) Participation commitment as identified on the Bidders Declaration (Written) submitted with the proposal response. Exhibit A, Attachment 7, Prime Contractor Certification – SB Subcontractor Report shall be submitted to the SCO Contact Manager identified in Section R. Contacts, Item 1. on January 31st and July 31st of each calendar year during the term of the Agreement.

C. Deliverables, Specifications, Requirements, Results and Duties of All Parties

1. GAGAS/Yellow Book Compliant

The Contractor's auditor who performs engagements shall conduct audit engagements in accordance with GAGAS/Yellow Book published by the Comptroller General of the United States, as applicable.

2. Audit Services

- a. The scope of audits or reviews will consist of such objectives, fieldwork, and reporting necessary and the SCO will determine whether the audit or review objectives have been met.
- b. The Contractor shall conduct audits in accordance with the applicable requirements, GAGAS/Yellow Book, as agreed to by the contracting parties.
- c. Services included in performing the audit will include analyzing documentary evidence and records, interviewing people, obtaining and securing physical evidence, preparing analysis of evidence in a standard working paper format, summarizing results of the audit, and preparing summaries, draft, and final reports. These services include conducting reviews of applicable laws, regulations and the contract requirements; tests of accounting and other records; and developing other audit and review procedures considered necessary to meet the audit or review objectives.
- d. Audit Engagements will be properly planned and coordinated with SCO to ensure the project deliverables meet SCO's requirements. The Contractor's staff providing audit services shall have a thorough knowledge of the contractual matters and circumstances affecting the engagements.
- e. The Contractor shall provide dedicated staff auditors to perform audits or review under this agreement. Each staff auditor shall at a minimum have following qualifications and experience:
 - i. A minimum of five years' audit experience performing audit testing, documentation, analysis, and reporting.
 - ii. A minimum of three years' audit experience with GAGAS standards.
 - iii. A bachelor's degree in accounting, finance, or business.
 - iv. The SCO CM or their designee, at their sole option, may add specialized qualifications based on the nature of the specific audit engagement.
- f. The Contractor shall provide resumes and degrees to the SCO CM upon request to validate staff auditor qualifications and experience.
- g. The Contractor's staff auditors shall clear a live scan background check prior to performing services.

- h. The Contractor's staff auditors shall work with the SCO CM to ensure SCO's requirements are clearly identified.
- i. The Deliverables under this contract shall consist of completed working papers in Teammate+ (SCO shall retain these for a period not less than five years after the conclusion of this contract), draft audit reports, and final audit reports documenting the completed audits reviewed and signed by the Contractor's management and approved as to final form by the SCO CM.
- j. The Audits will be properly planned and coordinated with SCO to ensure the work product meets the needs of SCO. The Contractor staff providing audit services shall have a thorough knowledge of the contractual matters and circumstances affecting the audit engagements. The Contractor staff shall perform duties including, but not limited to:
 - i. Conducting audit fieldwork
 - ii. Reviewing documentation
 - iii. Preparing audit workpapers
 - iv. Participating in meetings
 - v. Supporting SCO's requested audit objectives

3. Performing Engagement Task Groups

a. General Requirements

The Contractor shall:

- i. Submit each deliverable in an editable electronic format acceptable to SCO and by the due date established in the SCO-approved DED.
- ii. Provide sufficient supporting documentation for SCO to evaluate the work performed, evidence obtained, analyses completed, and conclusions reached.
- iii. Respond to SCO questions and comments and submit revised deliverables within the timeframe established by SCO.
- iv. Do not implement a change to an SCO-approved objective, scope, methodology, sample, procedure, schedule, or deliverable without prior written approval from SCO.
- v. Consider a task group complete only after SCO determines that its requirements have been satisfied and provides written acceptance of the associated deliverable.

b. Task Groups

Task Group Name	Description
Task Group 1 – Engagement Work Plan and Program	The Contractor shall provide an audit plan including, but not limited to, dates of milestones, adherence to GAGAS/Yellow Book standards (as applicable), and detailed audit procedures to the SCO CM for approval no later than two weeks after each assignment (DED) request is submitted to the Contractor. The engagement plan and program shall include, but not limited to the following: 1. A Detailed description of the Contractor's approach and methodology for each deliverable 2. List of major activities, tasks and sub-tasks, and milestones for each deliverable 3. Discuss any challenges with meeting the requirements in the scope of work and how the Contractor plans to address these challenges 4. A detailed budget for each deliverable with estimates broken down by task and activity 5. List of resources and personnel necessary for each deliverable
Task Group 2 – Monthly Report on Engagement Status and any Deliverable	The Contractor shall provide the SCO CM with monthly written progress reports after the start of the engagement, updating the status of the engagement, achievements/progress made since last progress report, the issues/challenges encountered, potential findings, and the interim period and cumulative actual hours and costs incurred for each audit. The work plan and program shall include, but not limited to the following: 1. A Detailed description of the Contractor's approach and methodology for each deliverable 2. List of major activities, tasks and sub-tasks, and milestones for each Deliverable 3. Discuss any challenges with meeting the requirements in the scope of work and how the Contractor plans to address these challenges 4. A detailed budget for each deliverable with estimates broken down by task and activity 5. List of resources and personnel necessary for each deliverable

Task Group 3 – Standing Meetings	The Contractor may coordinate and attend project coordination group meetings with the SCO staff, SCO CM, and other involved parties on as needed basis, at the request of the SCO CM, to discuss the status of tasks, critical items, vet methodological or data issues, resolve administrative and reporting matters concerning the contract, etc. The update shall include progress, but not limited to, deliverables, summary of any issues, targets, and achievements. The SCO CM may also request optional standing meetings on as needed basis.
Task Group 4 – Preliminary Review Results	The Contractor shall: 1. Document the results of background research and preliminary interviews 2. Summarize the applicable laws, regulations, policies, grant requirements, contracts, and other criteria 3. Document the entity's organizational structure and key personnel responsible for the audited activities 4. Describe significant business processes, information systems, funding sources, and financial flows 5. Identify significant internal controls and preliminary control gaps 6. Evaluate and document data reliability results 7. Document known audit findings, monitoring results, complaints, investigations, litigation, or other relevant issues 8. Summarize preliminary analytical procedures 9. Identify preliminary risks of fraud, waste, abuse, noncompliance, or operational inefficiency 10. Document how the preliminary review results affect the planned objectives, scope, methodology, and resource requirements 11. Prepare a conclusion summarizing whether the engagement should proceed as planned or be modified for discussion and approval by the SCO
Task Group 5 – Updated Detailed Objectives and Scope of the Audit	The Contractor shall: 1. Provide SCO with updated detailed audit objectives and scope identifying audit questions or sub-objectives, covered entities and activities, the audit period, exclusions, limitations, and the rationale for material changes 2. Proceed with any updated objectives and scopes once complete, internally consistent, supported by sufficient documentation, responsive to SCO comments, compliant with the applicable task requirements, and approved by SCO

Task Group 6 – Engagement Methodology	The Contractor shall provide SCO with an engagement methodology and objective-risk-based procedure matrix for each audit identifying criteria, evidence requirements, data sources, sampling or case-selection methods, planned procedures, and anticipated limitations. The Contractor shall proceed with its methodology once complete, internally consistent, supported by sufficient documentation, responsive to SCO comments, compliant with the applicable task requirements, and approved by SCO
Task Group 7 – Survey of the Proposed Engagement	The Contractor shall provide an engagement survey report to SCO for each audit documenting process understanding, preliminary control assessment, data availability and reliability, potential issues, proposed fieldwork, staffing needs, milestones, and the recommendation to proceed.
Task Group 8 – Field Work	The Contractor shall complete and document all fieldwork, including indexed working papers, testing results, exception schedules, evidence supporting potential findings, fieldwork summaries by objective, and a closeout memorandum. Fieldwork shall include, but not limited to: 1. Detailed testing in accordance with the approved audit program and methodology 2. Testing the operating effectiveness of key internal controls 3. Data analysis and investigation of significant exceptions, anomalies, and unsupported transactions 4. Evaluation whether evidence obtained is sufficient, appropriate, relevant, and reliable 5. Development of potential findings, including condition, criteria, cause, effect or risk, and recommendations 6. Discussion of potential findings and factual matters with responsible officials throughout fieldwork 7. Documentation of any proposed deviations from the approved audit program and obtaining SCO approval before implementing material changes 8. Determining whether additional testing, scope modification, referral, or follow-up work is necessary

Task Group 9 – Draft Report (if applicable)	The Contractor shall present the audit conclusion and draft audit report to the SCO prior to the issuance to the audited entity. If the deliverable requires a draft report, the Contractor shall evaluate auditee's responses, if any, to the draft report and incorporate the Contractor's evaluation and rebuttals into each final audit report as necessary. The Contractor shall describe modifications made, if any, that are incorporated into the final audit report. Each draft report shall include, but is not limited to: 1. Transmittal letter 2. Executive Summary 3. Background 4. Audit Objective and Scope 5. Audit Methodology 6. Conclusion or Audit Results 7. Follow Up on Prior Audit Findings 8. Audit Findings and Recommendations
Task Group 10 – Final Report	The Contractor shall submit an electronic PDF copy of each final audit report to the SCO CM for review and approval at least 14 days before issuance of the final audit report. Each final audit report shall include, but is not limited to 1. Transmittal letter 2. Executive Summary 3. Background 4. Audit Objective and Scope 5. Audit Methodology 6. Conclusion or Audit Results 7. Follow Up on Prior Audit Findings 8. Audit Findings and Recommendations 9. Views of Responsible Officials 10. The Contractor's Evaluation of Audited Entity's Comments
Task Group 11 – Post Audit Work	If applicable, any other post audit work as directed by the SCO.

6. Confidentiality

- a. The Contactor and Contractors' staff shall adhere to confidentiality requirements. Work papers, reports, documents, testimony and all other evidence shall be kept in secure storage when not in direct custody of the staff person working on the audits. Assigned staff shall comply with all confidentiality, privacy, and data protection requirements imposed by the Requesting Agency. These auditors shall work with the SCO CM to ensure requirements are clearly identified.
- b. Audit details shall not be discussed with non-Contractor personnel, or with SCO personnel other than the SCO CM or authorized personnel, without specific approval from the SCO CM. Inquiries from outside parties for information on audits shall be referred to the SCO CM.

7. Performance Review and Acceptance Criteria

- a. It shall be the sole determination of SCO as to whether the Contractor's performance has been successfully completed and is acceptable to SCO.
- b. Process
 - i. The Contractor shall complete assigned tasks and deliver any required documentation to SCO CM by the written agreed-upon date for review.
 - ii. SCO Division of Audits documentation review time shall not be more than 10 business days, except when there is a written mutually agreed-upon time frame.
 - iii. SCO Division of Audits shall provide written notification to the Contractor of any required revisions. The Contractor will review the SCO written response, make appropriate adjustments, and submit to SCO Division of Audits for acceptance within 10 business days of receiving revision requests.
 - iv. After considering the scope of the changes, SCO Division of Audits may, at their discretion, allow a period longer than 10 business days, which shall be confirmed in writing.
 - v. After receipt of the revised documents, SCO Division of Audits review time must not be more than 10 business days unless another written mutually agreed-upon time frame has been determined.
 - vi. The Contractor shall not change a report that has been accepted by SCO Division of Audits without SCO Division of Audits written approval.

8. Performance Not Meeting Requirements

- a. Should the work performed, or the work product produced by the Contractor fail to meet the minimum state requirements or other applicable standards, specifications, or guidelines, the following resolution process will be employed except as superseded by other binding processes. Project documentation that does not meet agreement requirements will be returned to the Contractor as incomplete.
- b. SCO must notify the Contractor in writing within 10 business days after receipt of the unsatisfactory work performed or work product produced, about any acceptance problems by identifying the specific inadequacies and/or failures in the services performed and/or the products produced by the Contractor.

- c. Within five business days after initial problem notification, the Contractor shall respond to SCO by submitting a detailed explanation that describes how the identified services and products adhere to and satisfy all applicable requirements, and/or a proposed corrective action plan to address the specific inadequacies or failures in the identified services or products. Failure by the Contractor to respond to SCO initial problem notification within the required time limits may result in payment delays, or immediate agreement termination. In the event of such termination, SCO must pay all amounts due to the Contractor at SCO's direction for all work accepted prior to termination.
- d. SCO shall, within five business days after receipt of the Contractor's detailed explanation or proposed corrective action plan, notify the Contractor in writing whether they accept or reject the explanation and plan. If SCO rejects the explanation and plan, the Contractor will submit a revised corrective action plan within three business days of notification of rejection. Failure by the Contractor to respond to SCO's notification of rejection by submitting a revised corrective action plan within the required time limits may result in immediate agreement termination. In the event of such termination, SCO shall pay all amounts due to the Contractor at SCO's direction for all work accepted prior to termination.
- e. SCO shall notify the Contractor in writing whether the revised corrective action plan proposed by the Contractor is accepted or rejected, within five business days of receiving the revised plan. Rejection of the revised corrective action plan may result in immediate agreement termination. In the event of such termination, SCO must pay all amounts due to the Contractor at SCO's direction for all work accepted prior to termination.

9. Kickoff Meeting

- a. Within 15 business days of agreement execution, the Contractor shall conduct a kickoff meeting with the SCO to:
 - i. Review the details of the Scope of Work (SOW) to ensure a clear understanding of the goals and expectations.
 - ii. Review the roles and responsibilities of the Contractor and SCO staff.
 - iii. Review the tasks, the schedule, and coordinate a high-level review.
 - iv. Discuss critical factors that may impact workload.
 - v. Review administrative and reporting requirements.
 - vi. Discuss and agree upon the process for communicating issues, risks, and status.
 - vii. Discuss and agree upon the approach to tracking and managing performance and results.

10. Contractor Key Staff Changes

- a. The Contractor must commit to the continuing availability and participation of the qualified key staff filling key staff responsibilities, to the extent of the Contractor's control for the duration of the Agreement. The Contractor shall not request the State's mutual agreement for Contractor key staff changes for a period of 12 months after the Effective Date of this agreement.
- b. SCO recognizes that the Contractor's key staff may be unavailable due to circumstances beyond the Contractor's control such as illness, an extended leave of absence, death, termination, resignation, or other factors beyond the Contractor's control. However, the Contractor shall make its best efforts to ensure staff continuity throughout the term of the Agreement.

- c. In the event the Contractor's key staff are unable to perform his or her duties due to illness, resignation, or other factors beyond the Contractor's control, the Contractor shall make every effort to provide suitable replacement key staff with equivalent knowledge, skill set and experience.
- d. The Contractor shall remove and replace any key staff or subcontractors who, in the opinion of the State, have engaged in improper conduct.
- e. In the event either party identifies a performance issue with a Contractor's key staff, the identifying party must contact the other party within two business days. The identifying party must document the performance issues, discuss the issues with the other party, and together, they shall determine the best approach for resolving the issues.
- f. Replacement or additional Contractor key staff must be the same category identified in this agreement.
- g. Contractor Staff Additions and/or Replacements
 - i. SCO shall approve any changes to the Contractor's key staff before adding and/or replacing a key staff member. This includes any changes that occur between the submission of the Contractor's Bid and the initiation of the Agreement. The Contractor shall not add or replace a key staff member without prior notification to the SCO Contacts listed in Section F, Contract Representatives.
 - ii. The Contractor shall notify the SCO CM in writing within seven business days of the event and provide SCO with the proposed key staff candidate that meets or exceeds the experience and skill level that was presented by the Contractor.
 - iii. Within seven business days of the event, the Contractor shall submit the following items to the SCO CM:
 - 1) Personnel Change Order Request Form (Exhibit A, Attachment 4) and Personnel Change Key Staff Reference Form (Exhibit A, Attachment 5)
 - 2) Resumes, licenses, certifications and/or degrees, and references to validate the replacement staff's qualifications.
 - 3) Proposed replacement key staff's work email and direct phone number. This information is needed for the State to schedule the Live Scan
 - iv. SCO will assess the proposed key staff candidates based on the criteria set forth in Request for Proposal (RFP) EAUF90126. Replacement key staff must meet or exceed the qualifications and experience of the replaced key staff. Additional key staff shall meet the key staff minimum qualifications set forth in RFP EAUF90126.
 - v. Key staff may be required to read and/or complete standard SCO documents (e.g. Policy Acknowledgement, Technology Resources, Zero Tolerance for Discrimination, etc.) within five days of starting work.
 - vi. Under no circumstances shall the Contractor add or replace key staff unless SCO agrees in writing to such change.
 - vii. SCO shall not compensate the Contractor for any time or effort required to prepare the new staff member for work on the Agreement.

- viii. If SCO rejects the proposed key staff, the Contractor shall provide another viable key staff within seven business days.
- ix. If a qualified key staff is not identified within seven business days of rejection, the Contractor shall be in material breach of the Agreement unless the Contractor submits a written request for an extension and SCO provides written approval before the deadline.
- x. SCO, for cause, reserves the right to require the Contractor to replace an assigned staff member at any time. SCO will notify the Contractor in writing when exercising that right, providing the Contractor with the cause. The Contractor, within seven business days of such notification, shall provide a replacement candidate who meets or exceeds the requirements as defined in Agreement CAUF90126.

11. Subcontractors

- a. The Contractor may, with prior written permission from SCO, enter into subcontracts with third parties for the performance of any part of Contractor's duties and obligations.
- b. The Contractor is responsible and liable for the proper performance of, and the quality of any work performed by all subcontractors.
- c. The State reserves the right to reject or refuse admission to any contractor or subcontractor staff whose workmanship, in the reasonable judgment of SCO, is deemed substandard.
- d. In no event shall the existence of a subcontract operate to release or reduce the liability of the contractor to SCO for any breach in the performance of the Contractor's duties.
- e. In connection with a request to SCO to approve a subcontractor, the Contractor shall provide a copy of the Subcontractor's Certificate of Good Standing issued by the CA Secretary of State and complete a Bidder Declaration (Written) GSPD-105-05.
- f. Due to privity of agreement between the State and the prime contractor, it is the complete responsibility of the prime contractor to hold their subcontractors (permitted by SCO) subject to the applicable requirements of this agreement.
- g. The Contractor agrees that all subcontracts shall include a provision that the Subcontractor shall indemnify and hold harmless the State to the extent described the General Terms and Conditions (GTC 2/2025), Section 5. Indemnification.
- h. Any agreement between the Contractor and its subcontractors shall require the Subcontractors to adhere to the same performance standards and other standards required of the Contractor.
- i. If the Contractor commits to subcontract with a Disabled Veteran Business Enterprise (DVBE), the Contractor shall complete and submit to the SCO CM a Prime Contractor's Certification - DVBE Subcontracting Report (STD 817) within 60 days of expiration of the Agreement.
- j. In accordance with CA GC Section 14837(d) and CA Military and Veterans Code Section 999, all Small Business (SB) and DVBE contractors, subcontractors, and suppliers that bid on or participate in a State agreement, regardless of being an oral or written solicitation, shall perform a Commercially Useful Function (CUF).

12. Subcontractor Changes

- a. Contractor shall provide SCO 14 business days' advance notice of subcontractor termination. The notice shall document the change, the reason for the change and the effective date of the change.
- b. The Contractor shall obtain SCO approval to any subcontractor changes prior to the termination of the existing subcontractor(s) and retention of the new subcontractor(s). This also includes any changes made between submittal of the Final Offer and actual start of the Agreement.
- c. All replacement subcontractors(s) shall meet all requirements of this agreement.
- d. For DVBE subcontractor changes, the Contractor shall use another California certified DVBE subcontractor and shall perform a CUF.
- e. For SB subcontractor changes, the Contractor shall use another CA certified SB subcontractor and shall perform a CUF.
- f. SCO shall not compensate the Contractor for any of the Contractor's time or effort to educate or otherwise make the new subcontractor(s) ready to begin work on the Agreement.

13. Requirement to File a Statement of Economic Interests

- a. In accordance with Title 22, California Code of Regulations, Section 123000, the Contractor is required to complete a Statement of Economic Interests (Form 700) on an annual basis.
- b. Upon award and prior to beginning work, the Contractor's Project Manager and any professional-level employees and subcontractors engaged in performing the consulting tasks described in this agreement must submit a completed Form 700 to SCO.
- c. On an annual basis during the term of this agreement, the Contractor and the same individual and any new professional-level personnel or subcontractors must complete and submit a new Form 700. All subsequent forms must be received before the expiration of the initial Form 700. Noncompliance may be cause for termination of this agreement.

D. Background Checks

1. The Contractor's staff shall be required to complete and pass a Live Scan background check prior to starting work and receiving an SCO asset and permission to access the SCO network. SCO provides all necessary background check forms and location information for each staff offered to complete the process. Contractor staff are only allowed to perform services while physically located within the contiguous United States unless prior written approval has been obtained.
 - a. If staff are located in the Sacramento area, they must be fingerprinted at SCO.
 - b. If staff are located outside the Sacramento area, but in California, they may go to a Live Scan location of their choosing.
 - c. If staff are located outside of California, they must go to a local law enforcement agency or to another entity licensed to roll fingerprints and request completion of a standard FBI applicant fingerprint card (FD-258), provided by SCO. Key staff shall mail the completed forms and FD-258 back to SCO via the United States Postal Service (USPS).
2. Background checks must be completed and passed prior to beginning work on the Agreement. If a Contractor's staff does not pass the Live Scan background check process, the Contractor must

replace the proposed individual with a new candidate within seven business days that meets or exceeds all requirements stated in RFP EAUF90126 and this agreement. The Contractor and the offered staff will be held to the same background check standards as SCO employees.

3. The Contractor shall ensure that each staff under the Agreement is made aware of, understands, and complies with the provisions of SCO Live Scan background checks. Any additional or replacement individuals added to the Agreement will be subject to the same terms.
4. SCO shall not compensate the Contractor for any time or effort required to prepare the new staff member for work on the project. The Contractor shall recover and return any state-issued identification card or equipment provided to the Contractor's employee(s) upon their departure or termination, if applicable.

E. SCO Roles and Responsibilities

1. SCO shall designate an SCO CM as the main point of contact for this agreement. The SCO CM will be authorized to act on and address all aspects of the services and communication with the Contractor.
2. The SCO CM shall coordinate the schedule, deliverables, tasks, and activities with the Contractor to meet SCO objectives.
3. The SCO CM shall provide and arrange access to state documents, teams, and subject matter experts as necessary for the Contractor to complete the activities identified within the SOW.
4. The SCO CM shall regularly monitor the services provided to determine if the services meet the requirements of this agreement.
5. SCO will work closely with the Contractor on Staff Augmentation Model audits. SCO's responsibilities for Staff Augmentation Model audits are as follows:
 - a. Retain full control over audit scope, methodology, and conclusions
 - b. Review and approve all deliverables
6. SCO shall work closely with the Contractor on Independent Audit Model audits. SCO's responsibilities for Independent Audit Model audits are as follows:
 - a. Determine specific objectives, scopes, and key risks areas
 - b. May include topics such as determining whether costs are properly supported by specific criteria and are in compliance with such things as State, local and federal regulations, program outcomes, program efficiencies, etc.
 - c. Advise if these engagements are to be conducted in accordance with GAGAS as promulgated by the United States General Accounting Office
 - d. Provide ongoing oversight, quality assurance, and review of the audits
7. SCO shall coordinate with the Contractor to develop work plans for projects and provide approval/review of the work plans for each project.
8. The SCO CM may, at his/her sole discretion, require one or more additional services if Contractor's audit findings warrant additional resolutions, such as resolving disputes with auditee or responding

to inquiries from SCO CM. For each additional service required by the SCO CM, SCO CM will provide a minimum of five business day advance notice to the Contractor.

9. SCO will provide designated office space for Contractor and their staff at SCO locations for in-person meetings for the duration of the Agreement. Office space will include desks, chairs, tables, printer access, Internet connection, and a facility in which to conduct any necessary meetings.
10. SCO will meet with Contractor as needed to discuss audit service progress and billings.
11. SCO will coordinate the return date of the laptop and all equipment that was provided to the Contractor. Upon receiving the 24-hour notification from the Contractor, SCO will be responsible for wiping the laptop clean.
12. SCO CM will review DADs and if approved, sign the DADs within 14 business days. If SCO rejects the deliverable, SCO will annotate on the coversheet the reasons why the deliverable was rejected.
13. SCO will schedule and coordinate with Contractor's staff to pick up SCO provided encrypted laptops and RSA hard tokens from 300 Capitol Mall, Sacramento, CA 95814 as necessary.
14. SCO shall provide Contractor with laptops, which include SCO Security Software Suite, and RSA hard tokens for all services in this agreement. Each SCO issued laptop will be mailed to the laptop recipient(s) physical address if Contractor staff cannot pick up equipment from the SCO office.
15. SCO shall provide the Contractor with standard SCO documents (i.e., Live Scan, Policy Acknowledgement, Technology Resources, Zero Tolerance for Discrimination, etc.).

F. Contract Representatives

1. Direct all Contract Manager inquiries to:

State Controller's Office Division of Audits	Contractor
Name:	Name:
Address:	Address:
Phone:	Phone:
Email:	Email:

2. Direct all agreement inquiries to:

State Controller's Office Contracts and Procurement Office	Contractor
Name:	Name:
Address:	Address:
Phone:	Phone:
Email:	Email:

3. Contacts may be changed upon written notice to either party without need of agreement amendment.

DELIVERABLE EXPECTATIONS DOCUMENT (DED) AND DELIVERABLE ACCEPTANCE DOCUMENT (DAD)

A. Deliverable Expectation Document (DED)

1. Each DED shall consist of all tasks, activities, and deliverables required by the Contractor and any areas agreed upon subsequently through meetings and planning sessions with SCO. The DED will be signed by the SCO CM and the Contractor to confirm mutual agreement of the expectations and acceptance criteria. The DED form provided in Exhibit A, Attachment 2, Deliverable Expectation Document (DED) (Sample) is only a sample and may be modified by SCO after agreement award.
2. All DEDs must be in writing prior to beginning work and signed by the Contractor and the SCO CM. SCO will outline the expectations, completion date, and acceptance criteria in the DED. Then the Contractor and SCO CM will review, update and agree on deliverable expectations in the DED prior to signing the document.
3. The Contractor must complete each deliverable by the due date specified unless SCO has granted written permission on the DED to deviate from the schedule.
4. Below are steps in developing the DED:
 - a. The SCO CM will identify the work to be completed and map it to the deliverable(s).
 - b. The SCO CM will contact the Contractor to determine the tasks required for the DED. The SCO Representatives identified in Exhibit A, Scope of Work, Section F. Contract Representatives will review and approve the tasks and criteria for completion.
 - c. The SCO CM will populate the DED and send it to the Contractor for signature.
 - d. Upon receipt of the Contractor signed DED, the SCO CM will then sign the DED and ensure that the Contractor receives a finalized copy of the document.
5. SCO has the right to require the Contractor to stop or suspend work on any DED.
6. DED amendments must follow the procedure below:
 - i. If the Contractor determines that additional tasks are required for a DED, the Contractor will immediately notify SCO in writing.
 - ii. Upon receipt of such notification, SCO may amend the DED with the additional tasks and then route for initials and dates.

B. Deliverable Acceptance Document (DAD)

It shall be the sole determination of SCO as to whether a project deliverable identified in this agreement or in a supplemental DED, Exhibit A, Attachment 2, Deliverable Expectation Document (DED) (Sample) has been successfully completed and acceptable to SCO. Acceptance criteria shall consist of the following:

1. The approval process outlined in Section C. Review of Deliverables.
2. A signed DAD is required for each deliverable identified in a DED.

C. Review of Deliverables

1. The Contractor shall submit a DAD, Exhibit A, Attachment 3, Deliverable Acceptance Document (DAD) (Sample) to the SCO CM for review and signature upon completion of the work defined in the approved DED or Work Authorization. Exhibit A, Attachment 3, Deliverable Acceptance Document (DAD) (Sample) is only a sample and may be modified after agreement award.
2. SCO shall review deliverables within five business days of acknowledging the receipt of the DAD. If the SCO CM determines the submitted deliverables require more than five business days to review, the SCO CM will coordinate with the Contractor to determine an alternate turnaround period and memorialize the collaborative decision in writing, based on the size, complexity, and number of deliverables currently in review.
3. The DAD will be approved if the deliverables submitted meet the requirements mutually agreed upon in the signed DED. An acceptable work product will be one which:
 - a. Meets the expectations as depicted in the DED or Work Authorization and the Agreement.
 - b. Is submitted per the Deliverable Timeline on the approved DED.
4. A formal walkthrough session will be conducted to review all submitted deliverables within the five-business day review of the deliverable. SCO will identify the reviewers required to attend these walkthrough sessions. The walkthrough sessions will be organized and scheduled by the Contractor and the SCO CM. The walkthrough provides SCO with the opportunity to verify the details of the work completed.

D. Deliverable Rejection

SCO will be the sole judge of the acceptability of all work performed and all work products produced by the Contractor as a result of this agreement. Should the work performed, or the products produced, by the Contractor fail to meet the SCO's conditions, requirements, specifications, Deliverable Acceptance Criteria, guidelines, or other applicable standards, the following resolution process will be employed, except as superseded by other binding processes:

1. SCO will notify the Contractor in writing within five State business days after completion of each deliverable of any acceptance problems by identifying the specific inadequacies and/or failures in the services performed and/or the products produced by the Contractor on the Deliverable Acceptance Document (DAD). The Contractor shall acknowledge receipt of the deliverable non-acceptance in writing to SCO. The costs related to reworking unacceptable work products **shall not** be billed to the SCO.
2. The Contractor shall, within five State business days after initial problem notification, respond to SCO by submitting a detailed explanation describing precisely how the identified services and/or products actually adhere to and satisfy all applicable requirements, and/or a proposed corrective action plan to address the specific inadequacies and/or failures in the identified services and/or products. Failure by the Contractor to respond to the SCO's initial problem notification within the required time limits may result in immediate termination of the Agreement.
3. In the event of such termination, SCO shall pay all amounts due the Contractor for all work accepted prior to termination.
4. SCO will, within five State business days after receipt of the Contractor's detailed explanation and/or proposed corrective action plan, notify the Contractor in writing whether it accepts or rejects the explanation and/or plan. If SCO rejects the explanation and/or plan, the Contractor will submit a

revised corrective action plan within three State business days of notification of rejection. Failure by the Contractor to respond to the SCO's notification of rejection by submitting a revised corrective action plan within the required time limits may result in immediate termination of the Agreement. In the event of such termination, SCO shall pay all amounts due the Contractor for all work accepted prior to termination.

5. Within three State business days of receipt of the revised corrective action plan, SCO will notify the Contractor in writing whether it accepts or rejects the revised corrective action plan proposed by the Contractor. Rejection of the revised corrective action plan may result in immediate termination of the Agreement. In the event of such termination, SCO shall pay all amounts due the Contractor for all work accepted prior to termination.
6. The Contractor shall then make appropriate corrections and resubmit the deliverable within five State business days, with a new DAD, to SCO for acceptance review. Once the deliverable is accepted and signed by SCO, SCO will provide a copy of the signed DAD to the Contractor. The Contractor will submit the signed DAD and DED with their invoice for payment.

E. Escalation Process

1. The Contractor may request a meeting with the SCO CM, and other stakeholders to discuss and/or clarify comments on the returned DAD.
2. The Contractor shall make appropriate corrections to the deliverable and resubmit, with a new DAD, to the SCO CM for acceptance review within five business days of meeting with SCO CM and other stakeholders to discuss and/or clarify comments on the returned DAD.
3. The Contractor may request an extension for up to an additional five business days to resubmit corrected or modified deliverables. The request must be in writing, and written approval must be obtained from SCO prior to the resubmission due date.

DELIVERABLE EXPECTATION DOCUMENT (DED) FORM (SAMPLE)

I. Agreement Information		
1. Contractor Name:		2. Agreement Number: CAUF90126
3. Deliverable Number:		4. Deliverable Name:
5. Task and Deliverable Description:		
II. Deliverable Expectations		
6. Delivery Timeline:		7. Update Schedule:
8. Specific Component(s) of Tasks and Deliverables:		9. Completion Criteria:
A. <Activity/Sub-deliverable Title> <Description of activity/sub-deliverable and content>		<Deliverable completion criteria description. Note: This is the criteria upon which completion will be established and not acceptance>
B. <Activity/Sub-deliverable Title> <Description of activity/sub-deliverable and content>		
III. Required Signatures		
<i>This DED was completed according to agreement requirements of this agreement.</i> 10. State Controller's Office, Contract Manager		
Name	Signature	Date
11. Contractor Name, Project Manager:		
Name	Signature	Date
12. Subcontractor Name (if needed), Project Manager (signature acknowledges receipt of DED):		
Name	Signature	Date

DELIVERABLE EXPECTATION DOCUMENT (DED) INSTRUCTIONS

Section I. Agreement Information

1. Contractor Name: Enter the full legal name of the Contractor.
2. Agreement Number: Enter the number of the Agreement that corresponds to the work conducted.
3. Deliverable Number: Enter the number of the deliverable.
4. Deliverable Name: Enter the name of the deliverable.
5. Task and Deliverable Description: Provide the task/deliverable description direct from the SOW. If paraphrasing is needed, cite the SOW and provide as much detail as possible.

Section II: Deliverable Expectations

6. Delivery Timeline: Enter the date that the deliverable is required per the approved project work plan.
7. Update Schedule: Enter the trigger and/or time frame that the deliverable is required to be updated.
8. Specific Component(s) of Deliverable: Enter the specific measurable component for the overall deliverable. Please use one space per component.
9. Acceptance Criteria: Enter the specific criteria that the component will be deemed acceptable or unacceptable.

Section III: Required Signatures

10. State Controller's Office Project Manager: Type or print the full name of the State Controller's Office Project Manager or their designated appointee, sign, and date.
11. *Contractor Name* Project Manager: Type or print the full name of the Contractor Project Manager or their designated appointee, sign, and date.
12. *Subcontractor Name (if needed)* Project Manager: Type or print the full name of the Subcontractor Project Manager or their designated appointee, sign, and date

DELIVERABLE ACCEPTANCE DOCUMENT (DAD) FORM (SAMPLE)

Contractor Name	
Agreement Number	CAUF90126
Agreement Name	
Date Work Completed	
Deliverable # and Name	

1. Deliverable Description

See attached Deliverable Expectation Document (DED).

2. Deliverable Rejection

☐ Upon review of the DED, SCO has determined that the deliverable has not met the agreed-upon acceptance criteria of work quantity and quality. Please see attached written reason(s) for non-acceptance of these deliverables.

3. Statement of Formal Acceptance

☐ This DAD acknowledges formal acceptance of the completed deliverable as indicated in the DED for the contractor staff named above. The undersigned confirms that the deliverable meets or exceeds the agreed-upon acceptance criteria of work quantity and quality and that the number of completed work hours are correct for the deliverable.

State Controller's Office

Contractor Name - TBD

(Name / Title –Type or Print)

(Name / Title –Type or Print)

Signature

Signature

Date

Date

PERSONNEL CHANGE ORDER REQUEST FORM

PERSONNEL CHANGE ORDER NO.

Contractor Name: _____ Agreement Number: _____

Proposed Start Date (or upon approval by the Project Manager, whichever occurs later):

Reason for Change:

Description of Change:

To swap out the following Personnel.

Current Personnel: (Name, classification and hourly rate)

Proposed Personnel: (Name including phone number and email address)

Proposed Personnel Classification:

Proposed Hourly Rate:

(qualifications must be equal or better than
current identified staff)

(must be less than or equal to current rate)

Attach Resume, Certifications, Degrees, References, and the following Exhibit A Attachments

EXHIBIT A, ATTACHMENT 5, PERSONNEL CHANGE KEY STAFF REFERENCE FORM

EXHIBIT A, ATTACHMENT 6, KEY STAFF QUALIFICATIONS WORKBOOK

Approval:

Changes identified above are in accordance with the terms and conditions of the Agreement. By signing below, the Contractor Official has confirmed that the proposed key staff's qualifications are the same or better than the current identified key staff. The SCO Contract Manager's signature below indicates that he/she has confirmed that the proposed key staff meets the minimum requirements listed in the RFP.

Approved By:

State Controller's Office

Contractor Name - TBD

(Name / Title –Type or Print)

(Name / Title –Type or Print)

Signature

Signature

Date

Date

PERSONNEL CHANGE KEY STAFF REFERENCE FORM

Exhibit A, Attachment 5, Personnel Change Key Staff Reference Form, must be completed for the proposed staff. References must support the intent of the Agreement and be able to provide an objective assessment of the Proposed Key Staff's performance. The references cannot be current or past employees of the Contractor's company. No reference, project, or contact name may be used more than once per identified Key Staff.

Proposed Key Staff Name:		
Proposed Key Staff Classification:		
Reference Client Name:		
Reference Contact Name and Title:		
Telephone:	Email:	
Project Description:		
Key Staff involvement on this project:		
Approximate Value or Cost of Agreement:	\$	
Key Staff Begin/End Dates (MM/DD/YYYY)	From:	To:

Satisfaction Rating to be Provided by the Key Staff's Reference:

Using the following scale: Rate satisfaction with the Key Staff Member for the services provided.

Rate the key staff member on a scale of 1 to 10 with 10 being completely satisfied.

Include only one number for each question below.

Performance Statements	Rating
------------------------	--------

Based on the project dates, key staff name, title, and involvement on the project (see attached Personnel Change Key Staff Reference Form) how well does this align with staff role and work completed for your organization?	
Based on your understanding, was the key staff knowledgeable in the specialty they were assigned?	
How would you rate the key staff member's ability to communicate with key project team members?	
How would you rate the key staff member's overall performance and quality of their deliverables and services provided?	
Your willingness to work with the key staff member again, based on your overall satisfaction.	

By signing this Form, the Reference Contact certifies all information provided is correct.

Signature of Reference Contact

Date Signed

Proposer Name:

Audit Staff Minimum Qualifications

KSMQ	Catagory 3, Key Staff #1 Name	Title
c. 1		

Minimum five years of audit experience performing audit testing, documentation, analysis, and reporting

Project (Project Name and Client Name)	Key Staff's Role	Description of Relevant Experience	Reference (Contact Name, Phone Number, & Contact Email)	Start Date	End Date	Time Base (# of hours dedicated per week to the project)	% of Time	Duration (Years)
#1							0%	0.0
#2							0%	0.0
#3							0%	0.0
#4							0%	0.0
#5							0%	0.0
#6							0%	0.0
							Total Yrs.	0.0

KSMQ	Catagory 3, Key Staff #1 Name	Title
c. 2		

Minimum three years audit experience with GAGAS standards

Project (Project Name and Client Name)	Key Staff's Role	Description of Relevant Experience	Reference (Contact Name, Phone Number, & Contact Email)	Start Date	End Date	Time Base (# of hours dedicated per week to the project)	% of Time	Duration (Years)
#1							0%	0.0
#2							0%	0.0
#3							0%	0.0
#4							0%	0.0
#5							0%	0.0
#6							0%	0.0
							Total Yrs.	0.0

KSMQ	Catagory 3, Key Staff #1 Name	Title
c. 3		

Must have a bachelor's degree in accounting, finance, or business. Must submit a copy of the degree/diploma

#1	University Name	
	Bachelor's Degree Field of Study	

State Controller's Office									
Prime Contractor's Certification - Small Business Subcontractor Report									
Reporting Period		Begin		through	End				
Prime Contractor Information									
				Agreement		Agreement Payment Information			
Name				Number		Amount Invoiced During Current 6- Month Reporting Period		Amount Invoiced During Contract Term	
				Amount					
List all California certified Small Business (SB) firms performing services as a subcontractor for this agreement.									
SB Information			Commitment Information		Payment Information				
	(A) SB Subcontractor(s) Name	(B) SB Certification Number	(C) Commitment Percentage	(D) Commitment Amount	(E) Amount Paid to SB During Current 6- Month Reporting Period	(F) Percentage Paid to SB During Current 6- Month Reporting Period	(G) Total Paid to SB During Agreement Term	(H) Percentage Paid to SB During Agreement Term	(I) Variance Comitment Percentage vs. Actual Percentage
1				\$ -	\$ -	#DIV/0!		#DIV/0!	#DIV/0!
2									#DIV/0!
3									#DIV/0!
4									#DIV/0!
5									#DIV/0!
6									#DIV/0!
7									#DIV/0!
8									#DIV/0!
9									#DIV/0!
10									#DIV/0!
11									#DIV/0!
12									#DIV/0!
13									#DIV/0!
14	Grand Total			\$ -	\$ -	#DIV/0!	\$ -	#DIV/0!	
	(J) Comments/Explanations								
Attach copies of this page for additional lines									
I certify under penalty of perjury under the laws of the State of California that all information submitted is true and correct.									
Prime Contractor Contract Manager Print Name:					Date Signed:				
Title:									
Signature:									

BUDGET DETAIL AND PAYMENT PROVISIONS

A. Invoicing and Payment

1. For services satisfactorily rendered, and upon receipt and approval of Contractor's invoices, SCO agrees to compensate the Contractor in accordance with the compensation identified in Exhibit B, Attachment 1, Cost Worksheet.
2. Itemized invoices shall be submitted on Contractor's letterhead, not more frequently than monthly in arrears, and include at a minimum:
 - Agreement Number **CAUF90126**
 - Dates of Service
 - Description of Service Provided
 - Approved Deliverable Expectation Document(s) (DED)
 - Approved Deliverable Acceptance Document(s) (DAD)
 - Key Staff name, number of hours, and hourly rate
 - Total Amount Payable

If submitting electronically, send one PDF copy to: ADMAP@sco.ca.gov

If invoices cannot be submitted electronically, please mail one copy to:

State Controller's Office
Departmental Accounting Office
P.O. Box 942850
Sacramento, CA 94250-5877

Invoice inquiries: ADMAP@sco.ca.gov

B. Budget Contingency Clause

1. It is mutually agreed that if the California State Budget Act for the current fiscal year and/or any subsequent fiscal years covered under this agreement does not appropriate sufficient funds for the program, this agreement shall be of no further force and effect. In this event, SCO shall have no liability to pay any funds whatsoever to Contractor, or to furnish any other considerations under this agreement, and Contractor shall not be obligated to perform any provisions of this agreement.
2. If funding for the purposes of this program is reduced or deleted for any fiscal year by the California State Budget Act, SCO shall have the option to either cancel this agreement with no liability occurring to SCO or offer an agreement amendment to Contractor to reflect the reduced amount.

C. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927 et seq.

D. Disabled Veterans Business Enterprise Subcontractor Authorization to Withhold \$10,000

SCO is authorized to withhold \$10,000, or full payment if less than \$10,000, from a prime contractor's final payment pending receipt of a complete and accurate Prime Contractor's Certification, Disabled Veterans Business Enterprise (DVBE) Subcontracting Report STD 817. The complete and accurate report must be

received within 60 days of the Agreement expiration date.

COST WORKSHEET

To be inserted after award

**GENERAL TERMS AND CONDITIONS
(GTC 02/2025)**

Exhibit C, General Terms and Conditions (GTC 02/2025) may be viewed at the following site
<https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/Standard-Contract-Language?search=general%20terms%20and%20conditions>
and shall be incorporated by reference only and made part of the Agreement as if attached hereto.

If you do not have internet access, a hard copy can be provided upon request.

SPECIAL TERMS AND CONDITIONS

A. Insurance Requirements

The Contractor agrees the insurance herein required shall be in effect at all times during the term of this agreement. Certificates of insurance are subject to the approval of the Department of General Services (DGS) and the Contractor agrees no work or services shall be performed prior to the giving of such approval. In the event the Contractor fails to keep in effect at all times insurance coverage as herein required, SCO may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event. SCO will not be responsible for any premiums or assessment on the policy. The dates of inception and expiration of coverage shall be specified on the certificate. The insurance coverage shall be on an occurrence basis only. The Contractor shall comply with all requirements outlined in Insurance Requirements and General Provisions. No payments will be made under this agreement until contractor fully complies with all requirements.

The Contractor shall display evidence of the following coverage on an Acord certificate:

1. Commercial General Liability Insurance – The Contractor shall maintain general liability on an occurrence form with limits not less than \$1 million per occurrence for bodily injury and property damage liability combined with a \$2 million annual policy aggregate. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against whom claim is made, or suit is brought subject to the Contractor's limit of liability. **The policy shall include the State of California, its officers, agents, employees as additional insured's.** The additional insured endorsement must be provided.
2. Workers' Compensation and Employer's Liability – The Contractor shall maintain statutory workers' compensation insurance issued and shall furnish to State Controller's Office (SCO) a certificate of insurance evidencing workers' compensation insurance and employer's liability for all its employees who will be engaged in the performance of the Agreement. In addition, employer's liability limits of \$1 million are required. By signing this agreement, the Contractor acknowledges compliance with these regulations. **A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California, State Controller's Office must be attached to the certificate.**
3. Professional Liability – insurance with a limit of no less than \$1 million per claim and \$2 million aggregate. The policy shall cover any damages caused by an error, omission or any negligent acts. If this coverage is written on a claims made coverage form the certificate must show the policy retroactive date, which must be no later than the date of agreement execution or the date work under the Agreement begins.

The certificate of insurance must include the following provisions stating:

The insurer shall not cancel the insured's coverage without 30 days prior written notice to the State; and The State of California, its officers, agents, employees and servants are included as additional insured's, but only insofar as the operations under this agreement are concerned. This endorsement must be supplied under form acceptable to the Office of Risk and Insurance Management of the DGS.

1. The Contractor shall comply with all requirements outlined in Insurance Requirements and General Provisions. No payments will be made under this agreement until contractor fully complies with all requirements.
2. Coverage Term – Coverage needs to be in force for the complete term of the Agreement. If insurance expires during the term of the Agreement, a new certificate must be received by SCO within 10 days of

the renewal of this insurance. Any new insurance must comply with the original agreement terms of the Agreement.

3. Policy Cancellation or Termination & Notice of Non-Renewal – The Contractor is responsible to notify the State within five business days of any cancellation, non-renewal, or material change that affects required insurance coverage. Certificates of insurance are subject to the approval of the Department of General Services (DGS) and the Contractor agrees no work or services will be performed prior to obtaining such approval. In the event the Contractor fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event, subject to the provisions of this agreement.
4. Premiums, Assessments and Deductible – The Contractor is responsible for any premiums, policy assessments, deductibles or self-insured retentions contained within their insurance program. SCO will not be responsible for any premiums or assessment on the policy.
5. Primary Clause – Any required insurance contained in this agreement shall be primary, and not excess or contributory, to any other insurance carried by the State.
6. Insurance Carrier Required Rating – All insurance companies must carry an AM Best rating of at least "A-" with a financial category rating of no lower than VII. If the Contractor is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.
7. Endorsements – Any required endorsements requested by the State must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.
8. Inadequate Insurance – Inadequate or lack of insurance does not negate the Contractor's obligations under the Agreement.
9. Subcontractors – In the case of the Contractor's utilization of subcontractors to complete the contracted scope of work, the Contractor shall include all subcontractors as insured's under the Contractor's insurance or supply evidence of subcontractor's insurance to the State equal to policies, coverages and limits required of the Contractor.
10. Available Coverage/Limits – All coverage and limits available to the Contractor shall also be available and applicable to the State.
11. Satisfying an SIR – All insurance required by this agreement must allow the State to pay and/or act as the Contractor's agent in satisfying any self-insured retention (SIR). The choice to pay and/or act as the Contractor's agent in satisfying any SIR is at the State's discretion.

B. Licenses and Permits

1. The Contractor shall be an individual or firm licensed to do business in California and shall obtain at his/her expense all license(s) and permit(s) required by law for accomplishing any work required in connection with this agreement.
2. If you are a contractor located within the State of California, a business license from the city/county in which you are headquartered is necessary; however, if you are a corporation, a copy of your incorporation documents/letter from the Secretary of State's Office can be submitted. If you are a contractor outside the State of California, you will need to submit to SCO a copy of your business license or incorporation papers for your respective state showing that your company is in good standing in that state.
3. In the event, any license(s) and/or permit(s) expire at any time during the term of this agreement; the Contractor agrees to provide SCO a copy of the renewed license(s) and/or permit(s) within 30 days following the expiration date. In the event the Contractor fails to keep in effect at all times all required license(s) and permit(s), SCO may, in addition to any other remedies it may have, terminate this agreement upon occurrence of such event.

C. Excise Tax

The State of California is exempt from federal excise taxes, and no payment will be made for any taxes levied on employees' wages. The State will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this agreement. California may pay any applicable sales and use tax imposed by another state.

D. Settlement of Disputes

1. In the event of a dispute, the Contractor shall file a "Notice of Dispute" with the State Controller's Office, Chief Legal Counsel, within 10 days of discovery of the problem. Within 10 days, the State Controller's Office, Chief Legal Counsel shall meet with the Contractor and Project Manager for purposes of resolving the dispute. The decision of the Chief Legal Counsel shall be final.
2. In the event of a dispute, the language contained within this agreement shall prevail over any other language including that of the solicitation.

E. Potential Subcontractors

Nothing contained in this agreement or otherwise, shall create any contractual relationship between the State and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

F. Prohibition of Tax Delinquents from Contracting

1. The State of California is prohibited from entering into any contracts for services with persons whose name appears on either list of the 500 largest tax delinquencies pursuant to Sections 7063 and 19195 of the Revenue and Taxation Code (RTC) and PCC Section 10295.4.
2. The Contractor certifies that it is not included on either the California Franchise Tax Board's (FTB)

or on the California Department of Tax and Fee Administration's (CDTFA) lists, that can be found at:

FTB: <https://www.ftb.ca.gov/about-ftb/newsroom/tax-news/may-2018/top-500-delinquents-taxpayers-list.html>

CDTFA: <https://www.cdtfa.ca.gov/taxes-and-fees/top500.htm>

G. Darfur Contracting Act

Public Contract Code sections 10475 et seq., the Darfur Contracting Act of 2008, establish restrictions against contracting with contractors doing certain types of business in Sudan. The Act sets forth criteria to determine if a vendor is a "scrutinized company" and therefore ineligible to bid on or submit a proposal for State contracts. When a company submitting a bid or proposal has or within the previous three years has had business activities or other operations outside the United States, they must execute a certification stating they are not a scrutinized company as defined or demonstrate they obtained permission under the statute. (PCC §§ 10478, 10477(b).) The Act includes penalties for false certifications. (PCC § 10479.)

H. Civil Rights Certifications

PCC section 2010 requires contractors on agreements of \$100,000 or more to certify that they are in compliance with various civil rights laws.

I. Iran Contracting Act Certification

Pursuant to the Iran Contracting Act of 2010 (PCC Sections 2200 through 2208 are "the Act"), vendors are ineligible to bid on, submit a bid, proposal, or offer for, enter into, or renew any agreement with the State for goods or services of \$1 million or more if the vendor engages in investment activities in Iran, as defined in the Act.

The Contractor certifies that it is not on the current list of Entities Prohibited from Contracting with Public Entities in California per the Act found at: <https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/List-of-Ineligible-Businesses>

J. Economic Sanctions on Russia

1. Ensure compliance with economic sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law (collectively, economic sanctions) including by refraining from new investments in, and financial transactions with, Russian institutions or companies that are headquartered or have their principal place of business in Russia (Russian entities), and not transferring technology to Russia or Russian entities. The Contractor is further notified that they will be subject to additional reporting requirements pursuant to Executive Order (N-6-22) issued by Governor Gavin Newsom on March 4, 2022.
2. The Contractor certifies that it is not on the U.S. Department of Treasury, Office of Foreign Assets Control (OFAC) Sanctions List found at: <https://sanctionssearch.ofac.treas.gov/>

K. Evaluation of Contractor

Performance of the Contractor under this agreement will be evaluated. The evaluation shall be prepared on Contract/Contractor Evaluation Sheet (STD 4) and maintained in the Agreement file. For consultant agreements, a copy of the evaluation will be sent to the Department of General Services, Office of Legal Services, if it is negative and over \$5,000.

L. Follow-On Agreement

Per PCC Section 10365.5 "No person, firm, or subsidiary thereof who has been awarded a consulting services contract may submit a bid for, nor be awarded a contract for, the provision of services, procurement of goods or supplies, or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of the consulting services contract." SCM Vol. 1 defines the term "consulting services" with respect to state contracts.

M. Exclusion for Conflict of Interest

No consultant shall be paid out of State funds for developing recommendations on the acquisition of IT goods or services, or assisting in the preparation of a feasibility study, if that consultant is to be a source of such acquisition or would otherwise directly and/or materially benefit from the State adoption of such recommendations or the course of action recommended in the feasibility study. Further, no consultant shall be paid out of State funds for developing recommendations on the disposal of State surplus IT products if that consultant would directly and/or materially benefit from State adoption of such recommendation.

N. Audits

The Contractor agrees that SCO or the California State Auditor's Office or its designated representative, shall have an absolute right of access to all of the Contractor's records, files, documents, accounts, and financial affairs as deemed necessary for the purpose of conducting an audit to determine compliance with the terms and conditions of this agreement. The Contractor shall provide the auditor(s) with any relevant information requested without unnecessary delay and, on reasonable notice, permit access to its premises during normal business hours for the purpose of interviewing staff and inspecting and copying such books, records, accounts, and any other material as warranted to conduct the audit. The Contractor further agrees to maintain such records for a period of three years after final payment is made on this agreement or three years after resolution of all issues that may arise as a result of any litigation, claim, negotiation, or audit related to the Agreement, whichever is later. The State agrees to treat as confidential any proprietary information obtained as a part of any such audit.

O. Background Checks

During the term of the Agreement, the Contractor must notify SCO immediately upon becoming aware of any of their staff being arrested or convicted of a criminal violation not previously documented as part of the initial background check. The Contractor shall, at the request of SCO, immediately remove the relevant person(s) from conducting duties related to the Agreement at no cost to SCO. Failure to replace person(s) promptly is grounds for termination, if necessary, pursuant to Section 7 of the General Terms and Conditions (GTC 04/2017), Termination for Cause. Any additional or replacement staff added to the Agreement will be subject to the same terms.

The Contractor shall bear the risk and potential penalties of delays resulting from the removal of their staff. If the Contractor fails to notify SCO, SCO has the right to terminate the Agreement for cause.

P. Proprietary Rights

Neither party's ownership rights, including but not limited to, any intellectual property rights in or used by the Contractor to perform the Services nor any intellectual property rights in or to client's data, shall be transferred pursuant to this agreement. This section shall survive termination of this agreement.

INFORMATION TECHNOLOGY, DATA, AND SECURITY PROVISIONS

Unless otherwise specified in Exhibit A (Scope of Work), the following provisions shall apply whenever the Contractor has access to data owned by the State Controller's Office (SCO) or data for which SCO serves as custodian.

A. SCO Data and Resource Ownership

1. All data, resources and materials provided by SCO shall remain the sole and exclusive property of SCO, including all applicable rights to patents, copyrights, trademarks, trade secrets or other proprietary property rights. Additionally, all rights, titles and interest in and to any data and materials relating to SCO business will remain the property of SCO whether or not supplied to Contractor. Nothing in this agreement shall be construed as conveying any rights or interest in the data, resource or material to Contractor. Contractor shall not utilize, retain, or transfer SCO Data, resources or materials to any individual or entity without the express written permission of SCO. Upon termination of this agreement, the Contractor agrees to provide the data or material to SCO, or, at SCO request, confirm in writing that said data or material in all formats in the Contractor's (and the Contractor's employees, agents, and subcontractors) custody, has been destroyed in compliance with NIST SP 800-88 and the terms of this agreement.
2. Upon full and final payment to Contractor of fees owed under the Agreement, Contractor (i) assigns to SCO, all right, title and interest in and to the deliverables except to the extent any Contractor Property is contained therein, and (ii) grants SCO a royalty-free, non-exclusive, non-transferable, non-sublicensable perpetual license, to use such Contractor Property solely in connection with SCO's use of the deliverables. Contractor Property shall mean all intellectual property, technology, know-how, methodologies, works of authorship, and other materials pre-existing the Agreement or created, acquired, or licensed separately from the Agreement, or created in performance of the Agreement which are not specific to SCO, including any modifications, enhancements, improvements, or derivative works. Notwithstanding anything herein that may be construed to the contrary, SCO agrees that nothing in this agreement prevents Contractor from using residual knowledge, which includes generalized knowledge, experience, know-how, or any of the ideas, concepts, methodologies, tools or techniques derived from or discovered during the provision of the services performed under the Agreement. Contractor shall have the right to retain for its files copies of all information necessary to comply with its contractual obligations and applicable professional standards.
3. SCO gives Contractor the right to use SCO's logo solely for presentations or reports to SCO or for internal Contractor presentations and intranet sites.

B. Access Control

1. All individuals accessing, processing, or manipulating SCO Data shall utilize either a Contractor managed device that meets the security requirements of this agreement or an SCO managed device that meets the SCO's security standards and configurations. These devices include, but are not limited to, laptops, desktops, mobile devices, or any other computing equipment provided by SCO for business purposes, unless prior approval has been obtained from the SCO Contract Owner, SCO Chief Information Officer (CIO) and the SCO Chief Information Security Officer (CISO).
2. In exceptional circumstances where the use of a non-SCO managed device is utilized to interact with SCO Data without direct interaction with the SCO environment, the Contractor must adhere to additional security requirements as defined by SCO in this agreement. Additional Security Requirements are:
 - a. Data that belongs to SCO and

- b. SCO Security Policy applies to the system in use
- 3. The Contractor must ensure the continuous logging, monitoring, and auditing of SCO Data in the Contractor environment.
- 4. The Contractor (and the Contractor's agents or subcontractors) shall allow SCO access to relevant and available security logs, latency statistics, and other related security data that affect this agreement and SCO Data and resources, at no cost to SCO.

C. Data Classification and Handling

- 1. All data categorized as anything other than "public" by SCO and made available to the Contractor in order to carry out this agreement, or which becomes available to the Contractor in carrying out this agreement, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as specified in this agreement.
- 2. The Contractor shall not be required to keep SCO Data confidential whether it is or becomes publicly available, is already rightfully in Contractor's possession, is independently developed by Contractor outside the scope of this agreement or is rightfully obtained from third parties.
- 3. The Contractor receiving SCO Data agrees that the data obtained will be kept in the strictest confidence in accordance with the terms of this agreement. The Contractor receiving SCO Data recognizes it's their responsibility to protect the confidentiality of the data in their custody as provided by law and ensure that such data is disclosed only to those individuals and for such purposes as are authorized by law and this agreement.
- 4. The Contractor employees, agents, and subcontractors who may have access to SCO Data will be required to have on file annually a signed confidentiality statement, approved by SCO, attesting to the fact that he/she is aware of the data categorization and the penalties for unauthorized disclosure thereof under applicable state and federal law.
- 5. The Contractor receiving SCO Data shall take all governmental regulations and industry acceptable measures to ensure the integrity of the SCO Data. This includes implementing appropriate security controls as required by industry standards and governmental regulations, such as encryption, data validation, and monitoring, to prevent unauthorized modification or tampering of the data.
- 6. The Contractor receiving SCO Data shall implement a Role-Based Access Control (RBAC) methods that identify the access rights and permissions for staff members based on their designated roles and responsibilities.
- 7. The Contractor shall adhere to the principle of least privilege, which means that staff members shall only be granted access privileges necessary to fulfill their job requirements.
- 8. The Contractor shall maintain an Access Control List (ACL) that outlines the authorized users with privileges to access SCO-specific systems, networks, or data. The ACL shall be regularly reviewed, updated, and documented to ensure accuracy and adherence to RBAC and the principle of least privilege.
- 9. The Contractor shall implement Separation of Duties (SoD) to prevent any single individual from having excessive control over sensitive SCO Data. SoD ensures that different tasks and responsibilities related to the handling of SCO Data are assigned to the proper individuals.

10. The Contractor shall maintain a collaborative Data Control Log (DCL) as a part of their data control and transparency measures. The DCL should comprehensively capture crucial details prior to the transfer of SCO Data to the third-party environment. These details include the document name, third-party business justification, third-party storage location, and users being granted access (must be on the ACL).
11. The Contractor shall be required to log all interactions with SCO Data in the third-party environment. The logging mechanism should capture relevant details such as the date, time, user ID, activity performed, and the SCO Data accessed or modified.
12. The Contractor shall regularly monitor and review the logs of interactions with SCO Data to ensure compliance with the agreed-upon access controls and to detect any unauthorized or suspicious activities. These logs should be available for auditing purposes, enabling SCO to verify compliance with the agreed-upon requirements and to investigate any potential security incidents or breaches.
13. The Contractor shall maintain records and documentation of their implementation of the agreed-upon requirements. These records should be made available to SCO upon request as proof of compliance and adherence to the agreed-upon requirements.

D. Confidentiality of SCO Data

1. All financial, statistical, personal, technical, and other data and materials relating to SCO operations, which are designated confidential or sensitive by SCO and made available to the Contractor in order to carry out this agreement, or which becomes available to the Contractor in carrying out this agreement, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as specified in this agreement.
2. The Contractor shall not, however, be required to keep confidential data or materials which are or become publicly available, are already rightfully in the Contractor's possession, are independently developed by the Contractor outside the scope of this agreement or are rightfully obtained from third parties.
3. The Contractor receiving SCO Data agrees that the data obtained will be kept in the strictest confidence and shall make data available to its own employees, agents, and subcontractors only on a "need to know" basis. The "need to know" standard is met by authorized employees who need the data to perform their official duties in connection with the uses of the data authorized by this agreement.
4. The Contractor receiving SCO Data recognizes its/their responsibility to protect the confidentiality of the data in its/their custody as provided by law and ensure that such data is disclosed only to those individuals and for such purposes as are authorized by law and this agreement.
5. The Contractor employees, agents, and subcontractors who may have access to SCO confidential or sensitive data will be required to have on file annually a signed confidentiality statement, approved by SCO, attesting to the fact that he/she is aware of the confidential or sensitive data and the penalties for unauthorized disclosure thereof under applicable state and federal law.

E. Data Storage, Transmission, Security Procedures, and Practices

Contractor's data storage, transmission, security procedures and practices are subject to audit by SCO to ensure compliance with this agreement, NIST standards, and applicable California state laws.

F. Location of SCO Data

1. Unless otherwise stated in the Statement of Work and approved in advance by SCO, the physical location of SCO Data retained or stored by the Contractor (and contractor's employees, agents, and subcontractors) shall be within the continental United States.
2. Contractor grants the SCO and its designees the right to audit and confirm compliance with data location restrictions, including on-site inspections of relevant facilities and systems utilizing SCO's Data as reasonably required. Violations of the data location provisions shall be grounds for immediate termination of this agreement.

G. Information Security

1. In addition to the Compliance with the Statutes and Regulations provision set forth in the General Provisions, the Contractor (and the Contractor's agents or subcontractors) shall confirm to SCO:
 - a. The sufficiency of its security standards, tools, technologies and procedures under this agreement.
 - b. Compliance with the following:
 - 1) The California Information Practices Act (Civil Code Sections 1798 et seq.).
 - 2) Compliance with the moderate security impact level privacy and security control guidelines specified in the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53 (Rev.5).
 - 3) Privacy provisions of the Federal Privacy Act of 1974.
 - 4) Federal Information Processing Standards Publication Standards for Security Categorization of Federal Information and Information Systems (FIPS 199).
 - 5) Federal Information Processing Standards Publication Standards Minimum Security Requirements for Federal Information and Information Systems (FIPS 200).
2. The Contractor (and the Contractor's agents or subcontractors) shall implement and maintain all appropriate administrative, physical, technical, and procedural safeguards in accordance with section a. above at all times during the term of this agreement that are designed to secure such data from data breach, protect the data and resources from hacks, introduction of viruses, disabling devices, malware and other forms of malicious or inadvertent acts that can disrupt SCO Data and resources.
3. The Contractor (and the Contractor's agents or subcontractors) shall allow SCO reasonable access to security logs, latency statistics, and other related security data that affect this agreement and SCO Data and resources, at no cost to SCO.
4. The Contractor (and the Contractor's agents or subcontractors) assumes responsibility for the security and confidentiality of SCO Data and resources under its control.
5. No SCO Data shall be copied, modified, destroyed or deleted by the Contractor (and the Contractor's agents or subcontractors) other than for normal operation or maintenance of the Contractor (and the Contractor's agent's or subcontractor's) systems or business process during the Agreement period without prior written notice to and written approval by SCO.

6. Remote access to SCO Data and resources from outside the continental United States, including remote access to data by authorized contractor support staff in identified support centers (and the Contractor's employees, agents, and subcontractors), is prohibited unless approved in advance by the SCO Chief Information Security Officer.
7. The Contractor (and the Contractor's agents or subcontractors) shall comply with all applicable SCO administrative, technical, and information security policies and standards that are provided to the Contractor in writing, in advance of the time of anticipated compliance while utilizing SCO resources, services and facilities while performing services under this agreement.

H. Encryption

SCO Data classified as confidential, sensitive, or personal information shall be encrypted while electronically transported or stored (at rest). Encryption methodologies must meet Federal Information Processing Standards (FIPS). When SCO Data is being sent via electronic mail (email), encryption must be employed.

I. Information Security Control Review

SCO retains the right to conduct information security control reviews of the Contractor (and Contractor's agents, and subcontractors) use of SCO Data and the security controls established to protect the confidentiality, integrity, and accountability of SCO Data by requiring the Contractor to provide responses to cybersecurity questionnaires and other assessments. SCO will provide a minimum of seven days' notice of the review being conducted. SCO warrants the Contractor that information derived from the information security control review will be protected from public disclosure under the terms of California Government Code § 7929.210.

J. Security Incident or Violation

1. The Contractor and its employees, agents, or subcontractors shall immediately notify the SCO Contact of any actual or suspected theft, loss, damage, unauthorized destruction, unauthorized modification, or unintentional or unauthorized release of any SCO Data classified as confidential or sensitive retained in electronic, paper, or any other digital or non-digital medium within 24 hours.
2. The obligations and responsibilities outlined in the agreed upon requirements shall survive the termination or expiration of the agreement, ensuring continued adherence to these requirements even after the Contractor's engagement with SCO has ended.
3. The Contractor shall take:
 - a. Prompt corrective action to mitigate any risks or damages involved with the breach or security incident and to protect the operating environment; and
 - b. Any action pertaining to a breach required by applicable federal and state laws, including, specifically, California Civil Code section 1798.29 [California Civil Code 1798.29, subdivision (e), California Civil Code 1798.82, subdivision (f)].

K. Data Sanitization

Subject to any retention of confidential information permitted under this agreement, the Contractor shall destroy all SCO Data and any documents created in the execution of this agreement in accordance with the guides outlined in NIST Special Publication 800-88, Revision 1 located at <https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-88r1.pdf>.

L. Secure Areas

Computer monitors, printers, hard copy printouts, or any other forms of information accessed or obtained under the performance of this agreement must be placed so that they may not be viewed by the public or other unauthorized persons as described in the Agreement.

M. Supervision of Data

SCO Data shall not be left unattended at any time, unless it is physically locked in a file cabinet, file room, desk or office; and monitored through a security camera system. Unattended means that information is not being observed by an employee authorized to access the information. SCO Data shall not be left unattended at any time in vehicles or planes and shall not be checked in baggage on commercial airplanes. Computer equipment shall remain locked when there is not a person attending the system.

N. Escorting Visitors

Visitors to areas where SCO Data is contained shall be escorted and SCO Data shall be kept out of sight while visitors are in the area.

O. Removal of Data

SCO Data must not be removed from the premises of the Contractor except with express written permission of SCO. SCO Data maintained on any laptops or other mobile devices managed by the Contractor in accordance with the requirements of this agreement shall be deemed on the premises of the Contractor for the purposes of this Section 15. Removal of Data.

P. Disaster Recovery

The Contractor must establish a documented plan to enable continuation of critical business processes and protection of the security of electronic SCO Data in the event of an emergency. Emergency means any circumstance or situation that causes normal computer operations to become unavailable for use in performing the work required under this agreement for more than 24 hours.

Q. Data Backup Plan

The Contractor must have established documented procedures to securely back up SCO Data to maintain retrievable exact copies of SCO Data. The backups shall be encrypted. The plan must include a regular schedule for making backups, storing backup's offsite, an inventory of backup media, and the amount of time to restore SCO Data should it be lost. At a minimum, the schedule must be a weekly full backup and monthly offsite storage of SCO Data.

R. Confidentiality Statement

All persons that will be working with SCO Data must sign a confidentiality statement. The statement must include at a minimum, General Use, Security and Privacy safeguards, Unacceptable Use, and Enforcement Policies. The statement must be signed by the workforce member prior to access to SCO Data. The statement must be renewed annually. The Contractor shall retain each person's confidentiality statement for SCO inspection for a period of three years following agreement termination.

S. Lower Tier Transactions

The terms of this exhibit shall apply to all agreements, subcontracts, and subawards, and the information privacy and security requirements the Contractor is obligated to follow with respect to SCO Data disclosed

to the Contractor, or collected, created, maintained, stored, transmitted, or used by the Contractor for or on behalf of SCO, pursuant to the Contractor's agreement with SCO. When applicable, the Contractor shall incorporate the relevant provisions of this exhibit into each subcontract or subaward to its agents, subcontractors, or independent consultants.

T. Security Assessment Questionnaire

To help the State of California understand the level of security risk when conducting a business process, if at any point during the term of the Agreement it becomes necessary for SCO Data to be moved from the SCO environment to the Contractor's environment, the Contractor is required to complete a Qualys Security Assessment Questionnaire (SAQ) prior. The absolute minimum requirements that SCO must address to comply with applicable laws, regulations and agreements, which shall include all successor publications encompasses:

1. Information Practices Act of 1977 (IPA).
2. California Assembly Bill 2135 Information Security 2021/2022.
3. National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53 - Security and Privacy Controls for Information Systems and Organizations Moderate Baseline Version 5.0.
4. Federal Information Processing Standards (FIPS) 199 for Security Categorization of Federal Information and Information Systems.
5. FIPS 200 Minimum Security Requirements for Federal Information and Information Systems.
6. Health Insurance Portability and Accountability Act (HIPAA).
7. Health Information Technology for Economic and Clinical Health Act (HITECH) 2009.

The SAQ is a self-reporting tool designed for conducting business process control assessments to reduce the chance of security breaches and compliance violations. The Contractor will be required to answer all questions in the SAQ and provide documentation that allows SCO to verify the accuracy of responses

RESUMES

To be inserted after award